

Message Text

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PAGE 01 STATE 086686

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DRAFTED BY STR:HMALMGREN:CLK

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S/S-O: R. ELTZ

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

INFO USMISSION GENEVA IMMEDIATE

USMISSION EC BRUSSELS IMMEDIATE

AMEMBASSY BRIDGETOWN IMMEDIATE

C O N F I D E N T I A L STATE 086686

EXDIS BRIDGETOWN FOR AMBASSADOR EBERLE

E.O. 11652: GDS

TAGS: ETRD, GATT, EEC, US

SUBJECT: ARTICLE 24:6-EC PERM REPS MEETING, MONDAY, APRIL 29

1. AFTER INDIVIDUALLY CONSULTING SIMON, BUTZ, DENT, RUSH, EBERLE, FLANIGAN AND COOPER, MALMGREN ORALLY INFORMED COMMISSION VIA JEAN-PIERRE LENG (OF THE WASHINGTON COMMISSION DELEGATION) THE FOLLOWING MESSAGE:

QUOTE THE PROPOSALS OF THE COMMISSION ARE NOT SUFFICIENT TO MEET THE NEED FOR A POLITICAL SETTLEMENT. WE THEREFORE HOPE THE PERM REPS WILL NOW TURN THEIR ATTENTION
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PAGE 02 STATE 086686

TO IMPROVING THE COMMISSION PACKAGE PROPOSAL UNQUOTE. ON

A PERSONAL BASIS, MALMGREN ALSO INDICATED THAT PARTICULAR ATTENTION MUST BE PAID TO IMPROVING THE TOBACCO OFFER, WHICH IS FOR US POLITICALLY THE HIGHEST PRIORITY ITEM ON THE ENTIRE LIST.

2. OUR RUNDOWN OF THE POSITIONS ARE AS FOLLOWS:

A) ONLY BRITISH ARE ARGUING THAT THE COMMISSION'S PROPOSAL MUST BE IMPROVED FYI THEY ARE ALSO ALONE IN CONTINUING TO RESERVE ON ANY AUTOMATIC RETALIATION ON THEEC SIDE IF US MOVES TOWARDS WITHDRAWALS END FYI.

B) THE GERMANS HAD BEEN OUT IN FRONT ON APRIL 25, BUT SLID BACK TO THE COMMISSION PROPOSAL ON APRIL 26.

C) THE DUTCH APPEAR UNINSTRUCTED.

D) THE DANES AND IRISH CAN ACCEPT THE COMMISSION PROPOSAL.

E) LUXEMBOURG CAN ACCEPT THE COMMISSION PROPOSAL EXCEPT FOR DUMPER TRUCKS.

F) THE FRENCH ARE MAKING GENERAL NEGATIVE NOISES.

G) THE BELGIANS ARE NOW RESERVING ON MARINE ENGINES, OUT-BOARD MOTORS, DUMPER TRUCKS, AND SCRAPERS.

H) THE ITALIANS ARE REPORTED TO HAVE MOVED ON ORANGES TO 13 PERCENT FOR APRIL AND 4 PERCENT FOR MAY 1 TO OCTOBER 15, TO RESERVE ON KRAFT, AND TO GO TO 14 PERCENT AND 60 UNITS OF ACCOUNT ON TOBACCO.

3) ON THIS BASIS, WE BELIEVE EMBASSIES SHOULD NOW REINFORCE OUR EFFORTS WITH EXPLANATION THAT COMMISSION PROPOSALS, WHILE HELPFUL, ARE NOT SUFFICIENT AND THE MEMBER STATES MUST NOW GO THE EXTRA DISTANCE POLITICALLY. YOU SHOULD TELL HOST GOVERNMENTS THAT WE HAVE INFORMALLY GIVEN TO THE COMMISSION INDICATIONS OF SOME FLEXIBILITY ON SPECIFIC ITEMS.

4) FOR BONN: ASAP VOICE SURPRISE AND DISAPPOINTMENT AT CONFIDENTIAL

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PAGE 03 STATE 086686

CHANGE IN GERMAN POSITION WHEREBY THEY ARE SUPPORTING COMMISSION PROPOSAL WHICH FALLS SHORT OF WHAT U.S. CAN LIVE WITH. GERMANS KEY ROLE OF COUNCIL AND PERM REP PRESIDENCIES SUGGESTS THEIR LEADERSHIP IS ESSENTIAL ELEMENT TO SETTLEMENT. HOPE GERMANS ON MONDAY ONCE AGAIN WILL URGE IMPROVEMENT IN MOST IMPORTANT ELEMENTS OF PACKAGE. WOULD APPRECIATE ANY SPECIFIC SUGGESTIONS GERMANS MAY HAVE FOR MALMGREN ON HOW TO

ACHIEVE FINAL ACCEPTABLE PACKAGE. SHOULD HAVE GERMAN
EMBASSY WASHINGTON CALL MALMGREN THIS WEEKEND IF POSSIBLE.

5) FOR BRUSSELS: ASAP YOU SHOULD NOTE CONTRAST BETWEEN
BELGIAN STATEMENTS RE RECOGNIZING IMPORTANCE OF
DEMONSTRATING POLITICAL WILL ON THIS SITUATION AND
BELGIAN PERFORMANCE AT PERM REPS MEETING. BELGIANS APPEAR
TO HAVE MADE NO SIGNIFICANT CONTRIBUTION BUT INSTEAD
COMPLICATED OVERALL SITUATION BY REPEATED RESERVATIONS.

6) FOR ROME: ITALIANS REPORTEDLY CLAIMED AT BRUSSELS
THAT US POLITICAL EFFORTS HAVE ALL BEEN ON ORANGES
AND NOTHING ON TOBACCO. YOU SHOULD MAKE CLEAR ASAP US
IS VITALLY RPT VITALLY INTERESTED IN ACCEPTABLE
TOBACCO OFFER. YOU CAN INDICATE US MIGHT BE ABLE TO LIVE
WITH OUTCOME BETWEEN COMMISSION'S PROPOSAL AND US MARCH 25
REQUEST.

WE ARE ALREADY AGREED ON 14 PERCENT AV TARIFF RATE AND
ONLY DIFFERENCE THEREFORE IS BETWEEN COMMISSION PROPOSAL
OF 55 UA AND OUR REQUEST OF 45 UA.

7) FOR PARIS: ASAP SHOULD CONVEY OUR DISAPPOINTMENT IN
FRENCH ROLE IN PERM REP DISCUSSION ESPECIALLY CONSIDERING
OUR RECENTLY CONVEYED WILLINGNESS TO DISCUSS COGNAC
QUESTION. IN ADDITION WE HOPE FRENCH CAN PLAY USEFUL
ROLE IN FINDING THE BASIS FOR FURTHER MOVEMENT BY
ITALIANS ON TOBACCO.

8) FOR THE HAGUE: ASAP SHOULD URGE DUTCH TO JOIN WITH
BRITISH IN URGING PERM REPS TO IMPROVE ON COMMISSION
PROPOSAL. FYI MALMGREN ASKED NETHERLANDS AMBASSADOR
HERE TO CALL VAN OORSCHOT AND LUBBERS TO CONVEY TO
THEM ON A PERSONAL BASIS FROM MALMGREN THAT TIME
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PAGE 04 STATE 086686

HAD COME FOR THEM TO HELP OUT END FYI. KISSINGER

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